

# PRESS RELEASE

Office of the United States Attorney  
Western District of Wisconsin  
(608) 264-5158  
TTY (608) 264-5006  
[www.usdoj.gov/usao/wiw](http://www.usdoj.gov/usao/wiw)

---

## For Immediate Release

June 17, 2008

## Contact Person

Peter M. Jarosz  
Daniel J. Graber  
Assistant U.S. Attorneys

## **THOMAS ARTHUR LUTZ SENTENCED TO FIVE YEARS IMPRISONMENT FOR ROLE IN FRAUD**

Madison, Wisconsin – Erik C. Peterson, United States Attorney for the Western District of Wisconsin, announced that Thomas Arthur Lutz, 41, was sentenced today in U.S. District Court in Madison by Chief Judge Barbara B. Crabb to five years in prison for conspiracy to pay kickbacks in relation to providing medical services. The Court ordered Lutz to pay \$99,915,131 in restitution.

Lutz, of Olongapo City, Republic of the Philippines, the former President and Chief Executive Officer of Health Visions Corporation, pleaded guilty on December 11, 2006, to conspiracy to pay kickbacks and agreed to assist the government. The execution of his sentence was delayed until March 18, 2009, to allow him to continue his cooperation with the government in the liquidation of the assets of the Health Visions Corporation, which was sentenced on April 24, 2008.

Lutz, on behalf of the Health Visions Corporation, entered into a kickback agreement with a medical provider in the Philippines in which the provider, at the request of Lutz, paid 50% of the amount of the bills for medical services rendered to

TRICARE patients referred by Health Visions back to Health Visions Corporation.

In addition to the conspiracy, Health Visions Corporation, while Lutz was the CEO, inflated the bills of other providers by one hundred percent or more before submitting the bills for payment by the United States Government. The corporation also created a sham insurance program to circumvent TRICARE's requirement that beneficiaries pay a deductible and cost share, and they also submitted fictitious and fraudulent TRICARE claims falsely claiming that beneficiaries had been hospitalized and had been rendered services when, in fact, they had not.

TRICARE, formerly known as CHAMPUS, is the Department of Defense's worldwide health care program for active duty and retired uniformed services members and their families. The charges were brought in the Western District of Wisconsin because Wisconsin Physicians Service, the fiscal intermediary which processed and paid these fraudulent claims, is located in Madison, Wis., which is in the Western District.

Health Visions Corporation was sentenced for their role in this conspiracy on April 24, 2008. The court ordered the corporation to liquidate all of its assets, pay \$99,915,131 in restitution, a \$500,000 fine, and forfeit \$910,910.60. The corporation was placed on five years probation and given ten months to liquidate its assets. Also, Health Visions was ordered to enter into a consent decree in which all its officers, directors, and employees agree to permanent exclusion as a TRICARE provider and any other government program.

United States Attorney Peterson stated, "This conviction, along with the

conviction of the corporation, furthers our goal to protect the TRICARE program. Our veterans deserve quality health care, and our nation deserves a program free from fraud. We will continue to vigorously investigate and prosecute these cases.”

The charges were the result of an investigation by the Defense Criminal Investigative Service, the investigative arm of the Department of Defense, Office of Inspector General (DOD-IG), with extensive audit assistance from the DOD-IG Audit Readiness and Operations Support Directorate (Military Health System Division), and investigative assistance from the U.S. Postal Inspection Service, and the Philippine National Police, Criminal Investigation and Detection Group, Noel O. Delos Reyes, Police Senior Superintendent. The prosecution was handled by Assistant U.S. Attorneys Peter M. Jarosz and Daniel J. Graber.

# # # #